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SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM
ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

BEIJING FOR FCS JEANETTE CHU

SIPDIS

E.O. 12958: N/A

TAGS: BMGT BEXP HK ETRD ETTC

SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: S & T
Industrial (Hong Kong)

REF: A) USDOC 02862

1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) and Commercial Assistant Sandy Lai conducted a post shipment verification (PSV) at S&T Industrial (Hong Kong) Company Limited (S&T), Tonic Industrial Center, 19 Lam Hing Street, 5th Floor, Hong Kong. The items in question are 160,000 integrated circuits valued at USD 33,600, classified under Export Control Classification Number (ECCN) 7A994 and most likely controlled for anti-terrorism (AT) reasons. If properly classified, these items would most likely not require a license for export to Hong Kong and mainland China. The exporter is TLSI Inc. of Huntington, New York (www.tlsi.com).

¶3. The ECO and commercial assistant visited S&T at the address referenced above on December 12, 2006 and met with Ms. Oi Ling Leung. Ms. Leung provided background on S&G and its business, which involves the provision of a logistics services on behalf of its parent company, Skardin Industrial Corporation, of Taipei, Taiwan (Skardin Taiwan) and Skardin Taiwan's China operations (more information on Skardin at www.Skardin.com.tw). The offices of S&T are relatively modest in size (three small offices with a larger room dedicated to boxes of various shipments). Transactional documents provided by OEA indicate that the UK affiliate of Skardin Taiwan was the purchaser of the applicable items while shipment was made to S&T.

¶4. According to the Hong Kong Companies Registry, S&T has been in existence since 2001 and the corporate registered address is the same as the address at which the check occurred. Unlike many other companies the ECO has encountered, S&T has relatively significant paid in capital of HKD 4,000,000 (approximately USD 520,000).

¶5. Ms. Leung stated that with respect to the shipment in question, S&T accepted the shipment of the 160,000 integrated circuits and, in turn, forwarded those circuits among the various Skardin Taiwan production

facilities in mainland China. Ms. Leung provided the ECO with the relevant shipping documents in respect of those shipments into the mainland. Ms. Leung stated that the items are used in the production of residential satellite receivers for sale primarily in European Union countries (such satellite receivers are referenced in the Skardin website).

¶6. At the time visited, S&T appeared to be a suitable recipient of the controlled items (as logistics provider) since it cooperated with the check and operates a business that is consistent with its role in the manufacturing process. Consistent with BIS guidance on the classification of checks where the ECO is unable to visually inspect the items, the ECO recommends that this PSV be classified as Limited.

Cunningham